

Home Market

CHAIN REACTIONS
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THE LINKS EFFECT

More sales than ever rely on a chain, which means more chance of your move falling through. *Alexandra Goss* shows how to reduce the risk

Summer: the days are long, the strawberries are in season and the pollen count is through the roof. And, ordinarily, the period between the last week of May and the first week of October is the busiest time for moving house – according to the British Association of Removers its members carry out more transactions over the summer. Yet the topsy-turvy property market means this may not be the case for 2018.

More than 300,000 sales are now falling through every year, costing consumers an average of £2,700 on costs such as surveys and legal fees, according to a recent survey by the HomeOwners Alliance. Thousands of buyers and sellers say they are losing more than £5,000 – not to mention the stress, wasted time and emotional upheaval of missing out on a dream home.

Aside from buyers changing their minds and not having their finances in order, the most common reason for a property sale to go awry is the collapse of a chain. And if there are several homes involved, all the sales may be put in jeopardy, risking the whole sequence tumbling down like a house of cards.

“The average chain is about three properties long,” says Sohail Rashid, a former property lawyer who founded viewmychain.com in 2016 to create an online database of all the properties involved in a transaction; the tool is already used by a third of the UK’s 25,500 estate agents. “The length of chains hasn’t really altered in the past couple of years, but there are more transactions involving a chain now.”

Due to a slowing market and stricter, more onerous mortgage-lending rules, sales are also taking longer – it’s now an average of 105-115 days between an offer being accepted and exchange of contracts, although Rashid has seen deals that take over a year. “This is generally because of a fall-through and then a new buyer or seller getting involved,” he says. “The longest chain we are tracking is now 18 months long and involves seven properties.”

Such complicated sales aren’t uncommon. Jo Eccles, managing director at the buying agency SP Property Group, recently spent seven months working on a seven-property chain. “Our buyer was at the bottom, purchasing a London property costing £1.8m, but we ended up managing all 14 firms of solicitors, seven estate agents and staying on top of inquiries, searches and surveys for every property, costing between £650,000 and £2.6m. These were in London, Hampshire, Oxford and, at the top, a grade II listed house in the Shropshire countryside.”

Eccles says the weak links in this case were slow solicitors and sellers. “In the end, we set up a large round-robin email that copied in every solicitor, estate agent and some of the sellers. It outlined each property involved, what was done and what remained outstanding. Essentially naming and shaming those who were not making progress caused enough peer pressure to get everything moving, and the chain finally completed.”

James Greenwood, a director at the buying agency Stacks Property Search, spent

most of last year working to push a sale through for a client in a chain of eight properties. “It took 10 months for the sale to go through, during which time a deal near the bottom came apart and had to be restitched,” he says.

“During this lengthy and painful process, a similar house to the one our client was selling sold within three months. There’s nothing fundamentally wrong with a chain, but beyond a certain length, fragility is increased to an extent that breakdown is almost inevitable. Eight is probably four or five too long.”

Stacks, in common with many buying agents and traditional

high-street estate agencies, claims online agents often hold things up. They say these firms fail to communicate properly with buyers and sellers during the lead-up to exchange of contracts, thus making chains more vulnerable to collapse; some also say they don’t do enough “due diligence” on buyers before an offer is accepted. Online agents typically charge a lower flat fee upfront, and critics say the fact

they are not paid when a sale goes through, as traditional estate agents are, means they are less concerned about managing the process through to its conclusion.

You might argue that traditional agents, who charge significantly more, would say this (some even steer their clients away from accepting an offer from a buyer using an online agent for their own

sale). So are their claims true? “There are some very good hybrid online agents [those who offer some of the services of high-street agencies but charge online prices], and some that are very poor – the same as for traditional agents,” Rashid says. “Only 25% of all estate agents invest in dedicated sales-progression staff – that is, people managing the deal from offer through to completion.”

Viewmychain’s data shows that of the hybrid agencies Emooov has one of the best records of successfully managing a deal through to its conclusion. Of traditional



VOICEDOCUMENT

Breaking free Jim and Nicola Eyre with their children, from left, Cassius, Cissy, Nico and Felix. Above, the house in Kent they are buying



agencies, Leaders Romans Group is one of the top performers. The government launched a review into the “not fit for purpose” buying and selling process in England in October; the Ministry of Housing, Communities & Local Government said last week it would publish its findings “in due course”. While we wait for those in the corridors of power to get on with it, is there anything we can do to mitigate the risks of a chain collapse?

Obviously, there are some things beyond all control – people pull out of sales for personal reasons – and no one can influence housing-market forces. “We’re seeing sporadic down-valuations [where mortgage lenders report that the value of a property is less than the owner expected],” says Donall Murphy, a partner at the law firm Russell-Cooke. “There have been a couple in the past week or so, and one client had his London property downvalued significantly. We are also seeing buyers being more stringent with inquiries because, in a slowing market, they’re less worried about competition and having to move fast – that means transactions are taking longer.”

Choosing the right estate agent is one way sellers can give themselves the best possible chance of a successful deal. When you invite agents to do a valuation, ask them about their completion times, fall-through rates and how these statistics compare nationally and with local competitors. Make sure they have a dedicated sales-progression team; it’s worth asking, too, if they use software such as

Viewmychain, which tracks every milestone for every property in the transaction, flagging any delays so the agent or seller can chase their buyer or conveyancer. Agents are charged for using the service, but it’s free to access for consumers.

Employing the right solicitor is crucial, for both buyers and sellers. Pick someone who has experience of your local market and will be proactive when it comes to communicating with you and the other parties in the chain. “You can’t control a chain, but you can keep momentum going with targets and a rough timeline,” says Graham Lawes, director at the property company JLL. “Negotiate a completion date that is realistic and accounts for holidays and personal circumstances. By doing this you allow all parties to keep up the pace with the sale.”

When it comes to accepting an offer, sellers should look at the whole picture. “The best way for any buyer or seller is to try to shorten chains as much as possible,” says Kate Faulkner, managing director of the consultancy Designs on Property. “Cash buyers can be better than those with a mortgage, albeit not always, while a higher offer with a longer chain may turn out to be less valuable than a lower offer with no chain.”

If you accept an offer from someone in a chain, you could tell the buyer you will carry on taking viewings on your property until their chain is completed, suggests Barclay Macfarlane, head of sales at the Fulham office of Strutt & Parker estate agency.

“You could also request a non-refundable deposit from

your buyer to prove their commitment to the sale,” he adds. “This can also work the other way around. If you have a property to sell, then offering a deposit to your vendor indicates you’re serious about the purchase.”

The easiest way of getting around the problem is to be chain-free, but if you’re not a first-time buyer, how do you go about this? One option, of course, is to sell up first – and move in with family or into rented accommodation – meaning you can pounce on a house when you find one. Or buy a new-build house from a developer, or one that’s being sold with no chain (see our selection below). This year, only one in five homes in the UK has been sold chain-free, down from one in three in 2015, according to Hamptons International estate agency.

“Chain-free sales are becoming increasingly rare,” says Aneisha Beveridge, market analyst at Hamptons. “Landlords, who tend to buy chain-free, have bought fewer homes since the introduction of the stamp-duty surcharge on second homes in April 2016. For other homeowners, affordability has been stretched as house prices have risen. This has meant fewer buyers have had the luxury of

moving without selling first.” Beveridge adds that lower house-price growth recently means homeowners aren’t accumulating as much capital as they were. “Some movers, particularly downsizers, are choosing to sit tight until prices start rising again before they cash in on their properties.”

The slowing London market almost caused Nicola Eyre and her family to miss out on their dream home. Eyre, 41, who runs the design store Cissy Wears, and her husband, Jim, 43, a creative director at an ad agency, had been hunting for a Span house, by the architect Eric Lyons, for years, and one came up for sale in New Ash Green, Kent, six weeks ago. Yet they hadn’t sold their five-bedroom terrace in Hither Green, southeast London, on the market for £775,000.

The couple, who have four children – Felix, 11, Cissy, 8, Cassius, 4, and Nico, 2 – signed up with Nested, an estate agency that helps sellers buy their next home before they sell their current one by providing an advance on the value of the new property so they can complete the purchase. Customers pay a 2.5% fee if their property sells within 90 days and they don’t take the advance; if they use the money, they pay 3.5% and Nested continues to market it.

“The fees are high, but we wouldn’t be able to buy without it,” Eyre says. “Ironically, we are now at the bottom of a chain, with three properties above us. One of my biggest bugbears is the cost involved – you pay for the survey and, and if it falls through, you lose all the money. The whole buying and selling system needs changing.”

“There’s nothing wrong with a chain, but beyond a certain length, breakdown is almost inevitable

CHAIN-FREE HOUSES FOR SALE

OXFORDSHIRE

Once the home of the influential sci-fi writer Brian Aldiss, Heath House is a grade II listed Georgian property in Southmoor, a 25-minute drive from Oxford. It has five bedrooms and a Smallbone kitchen. **01865 366662, struttandparker.com**

£1.25M

HAMPSHIRE

A brick and flint period semi in Hurstbourne Tarrant, near Andover, Wayside Cottage has three bedrooms, lovely gardens and is unlisted – so there is plenty of scope to make your mark. **01635 521707, struttandparker.com**

£560,000

LONDON E9

Handily positioned between Homerton and Hackney Central Overground stations, this two-bedroom terraced house, on Mehetabel Road, has bright, quirky living space over three floors. **020 3795 5920, themodernhouse.com**

£1.25M

CUMBRIA

Once the Victorian vicarage to Bassenthwaite church, Mandalay is a five-bedroom mini-manor, with its own 4.2 acres in the Lake District National Park. Keswick is six miles away. **01434 622234, finestproperties.co.uk**

£2M

HERTFORDSHIRE

Beyond the garden gate of this semi lie uninterrupted farmland views, but Harlow is only 2½ miles away. On the edge of the hamlet of Gilston, the four-bedder has plenty of attractive 1920s features. **01279 755400, mullucks.co.uk**

£612,000